 <p>SMALL SCALE FOOD PROCESSOR ASSOCIATION <small>SUPPORTS INDEPENDENT FOOD PROCESSORS & GROWERS</small></p>	<p>Document No: HUB.TRS.SOP.19 Effective Date: June 1, 2022 Revision Date: NEW</p>
<p>Purchasing SOP</p>	<p>Revised By: M. Daskis Approved By: N. Ross Reason for Revision: NEW</p>

OBJECTIVE

To describe the procedure of purchasing raw materials, packaging materials, chemicals, and service from approved suppliers.

SCOPE:

Process of sourcing of approved goods and services, negotiating price, conditions and terms with the Supplier is described by this procedure. The series of criteria for selection of materials and services, supplier approval and record maintenance are described and will help in obtaining the best quality products for the most effective price.

BACKGROUND:

Quality and food safety of the purchased materials and quality of services, as well as conditions and terms of receiving can impact the products manufactured by the Company. Established criteria and Purchaser responsibilities are the basis to assure the materials and services ordered meet quality requirements from reliable Suppliers at the best price and conditions.


DEFINITIONS:

Purchase: Acquiring Goods and Services from approved Supplier.
Purchase Order: Legal document, which states the Company's commitment to the Supplier for Goods and Services. The order also states agreed purchase price, terms, conditions, and delivery date.
Supplier: An individual, Firm, Contractor, or Consultant.

DOCUMENTATION REQUIRED:

The documents listed below are suggestions and the HUB or the HUB Users may choose not to use all of them.

- New Supplier Qualification Form HUB. TRS.REC.21
- Supplier Review Form
- Approved Supplier List
- Approved Materials Lists HUB.TRS.REC.126
- Purchase Order
- Material Specifications HUB.TRS.FRM.XXX (Finished product specifications) HUB.TRS.FRM.XXX (Raw material specifications)
- Supplier Records
- Non-conformance Form Template HUB.R.REC.XX

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RESPONSIBILITIES:

Purchasing Manager or designate ensures that suppliers are formally assessed to confirm that they can meet the requirements of food production by submitting a New Supplier Qualification Checklist prior to approving the Supplier.

Material specifications are checked by R&D and QA or designate. Purchased products or services are inspected by QA and Production Manager. If appropriate, QA assesses suppliers' on-site capability and food safety & quality system.


INSTRUCTIONS:

Supplier Approval

1. Purchaser evaluates Suppliers including the following:
 - Submitting a New Supplier Qualification Checklist to evaluate any history and performance (availability, reliability, proven accomplishment)
 - Facility registration (GMP, GAP, HACCP, GFSI, etc.) and status (Kosher, organic, gluten-free, etc.) are included on the New Supplier Qualification Checklist.
 - Quality of the products (QA and R&D evaluation of supplied samples and specifications, QA on-site assessment report);
 - Comparative test results with same/similar products;
 - Price and terms of payment, estimated lead time, minimum order information, volume discounts;
 - Service support, delivery and warranty.
2. Purchaser monitors Supplier performance and any findings (e.g., non-conformance of materials) must be reviewed at least once per year using the Supplier Review Form. The results will be addressed by top management.
3. Purchaser continually seeks new sources of ingredient to increase competition and minimize expenditure for Goods and Services.
4. Any issues must be investigated and recorded. If they can not be resolved the supplier will no longer be used and exist in the Approved Supplier List.
5. Purchaser maintains a list of Approved Suppliers who have met established performance standards

Purchasing

1. Materials must be purchased from the Approved Suppliers List. Construction materials, packaging materials and non-food chemical products must be purchased only from listed suppliers in **CFIA's Reference Listing of Accepted Construction Materials, Packaging Materials and Non-Food Chemical Products**. Purchases made from other suppliers must be authorized by HUB Management.
2. The suppliers of all packaging materials must provide Letter of Guarantee (LOG) or Lab Analysis Results that claim the materials purchased are approved for use in Food. LOGs must be up to date and renewed on annually basis. For some purchases that last longer than one year the LOG can be obtained prior to each purchase. Purchase Orders must clearly define the product/service required. They should address:
 - Product or service required,

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- Quantity,
 - Shipping requirement,
 - Price and payment details,
 - Any relevant standards, regulations, specific documents, if applicable.
3. Each Purchase Order has a unique number and reviewed and authorized by HUB User or designated Purchaser. Where orders are not mailed, faxed, telephoned or emailed, the order numbers must be quoted and recorded. Purchase Orders should be copied to Production department for inspecting goods on receipt. Where a minor change occurs to the Purchase Order, it must be noted on the original order and signed by Originator and then sent to the supplier. Where a major change is required, Purchaser should cancel the original order and a new or additional order is issued to the supplier.
 4. Upon Order Entry, Purchaser references inventory and arranges delivery of the necessary raw and packaging materials with approved transportation supplier (or the supplier offers transportation service).
 5. Where new raw and packaging materials are necessary for developing new products and finished goods, R&D connects with Purchaser to confirm potential Suppliers, obtains samples, specifications, allergen statements, SDS, letters of guarantee, and certificate of analysis for evaluation by R&D and QA.
 6. Upon QA evaluation and approval of the new materials Purchaser negotiates the best price and awards a contract. The contract shall ensure the correct amount and quality of the product is received at the appropriate time.
 7. Purchaser enters material codes for approved raw and packaging materials on Purchase Orders to enhance their traceability.
 8. In case of material non-compliance and/or damage during shipment (reported by QA and recorded on Non-conformance Report), Purchaser is to communicate with Supplier or Transportation Supplier to arrange product replacement and / or credit for the damaged products.
 9. Purchaser obtains information and forecasts on market conditions affecting the pricing and supply of critical materials and communicates delays or difficulties to Production departments to ensure appropriate scheduling.
 10. When emergency substitutions are required, the minimum qualification from the Supplier is the allergen list, specification sheet, and a sample of the product to be substituted. Each of these will be evaluated by R&D and QA to ensure the substitution is acceptable. Additional documentation may be requested if appropriate to ensure food safety and conformance to the final product attributes and performance.

REVIEW AND RECORDS:

1. QA maintains and keeps all product information collected from suppliers, including specifications, allergen statements, GMO statements, MSDS, letters of guarantee, and certificate of analysis. Once per year with QA they review Supplier performance and if necessary schedule Supplier status reevaluation.
2. QA and Purchaser keep copies of Non-conformance Reports and reviews the records once per year for Supplier and Transportation supplier performance.
3. Lists of raw and packaging materials and labels are maintained by Purchaser and updated on a regular basis with changes or adjustments.
4. Lists of Suppliers are maintained and updated by Purchaser with changes or substitutions.
5. Purchasing contracts, Quotation request and evaluations are maintained by Purchaser and reviewed once per year to determine relevance.